

Message Text

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41

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 RSC-01 FAA-00 /030 W

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R 071251Z FEB 75

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 2654

LIMITED OFFICIAL USE BUDAPEST 0384

E.O. 11652: N/A

TAGS: EAIR, HU

SUBJ: CIVAIR - RESTRICTIVE FOREIGN AIRLINE PRACTICES

REF: STATE 196118

1. SEVERAL RESTRICTIONS CITED IN REFTEL APPLY TO HUNGARY, THOUGH BUDAPEST AT PRESENT IS NOT SERVED BY ANY U.S. CARRIER, NOR DO ANY U.S. AIRLINES HAVE REPRESENTATIVE OFFICES. INFORMATION REQUESTED HAS BEEN OBTAINED FROM OTHER FOREIGN AIRLINE SOURCES IN BUDAPEST. RESPONSE TO QUESTIONS IN PARA 2 REFTEL FOLLOW:

A. CURRENCY CONVERSION REGULATIONS: RESIDENT FOREIGN CARRIERS WITH FEW EXCEPTIONS CANNOT WRITE TICKETS AS THIS AREA REMAINS A MONOPOLY OF MALEV, THE NATIONAL AIRLINE.

B. FOREIGN EXCHANGE REGULATIONS: ASPECTS OF THIS PROBLEM THOROUGHLY COVERED IN BUDAPEST A-87, DECEMBER 14, 1973 ("FORINT SALES AND EXCHANGE RATES") WHICH REMAINS CURRENT.

C. VARIOUS FEES: NONE

D. PREFERENTIAL TAX OR OTHER TREATMENT: FOREIGN TRADE ORGANIZATIONS (FTO) WHOSE EMPLOYEES COMPRISE AN ESTIMATED 85 PERCENT OF HUNGARIAN AIR TRAVELERS, MUST FLY MALEV TO THE EXTENT POSSIBLE ON THEIR EXTERNAL TRIPS. FOR EXAMPLE, AN OFFICIAL FLYING TO LATIN AMERICA WOULD FLY MALEV TO MADRID, THE MOST DISTANT MALEV STOP ENROUTE AND THEN CONTINUE TRIP ON ANOTHER CARRIER. EXCEPTIONS TO LIMITED OFFICIAL USE

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ABOVE RULE POSSIBLE ONLY WITH THE PERSONAL APPROVAL OF

FTO GENERAL MANAGER WHO MAY LOSE HIS BONUS OR RECEIVE FINE IF ABUSES OCCUR.

E. DISCOUNT FARES: ALL HUNGARIAN CITIZENS RESIDENT IN HUNGARY RECEIVE SPECIAL PRICES ON ANY AIR TRAVEL TO OTHER COMECON COUNTRIES. FARES TEND TO BE APPROX 15 PERCENT OF REGULAR FARES. FOR EXAMPLE, A ONE-WAY TICKET BUDAPEST-PRAGUE COSTS A HUNGARIAN 240 FORINTS (\$11.04) COMPARED TO \$74.20 TO A WESTERNER.

F. PREFERENCES FOR NATIONAL AIRLINE: SEE D ABOVE AND BUDAPEST 2045.

G. HANDLING AGENTS: EITHER MALEV OR LRI, THE AIR TRAFFIC AND AIRPORT ADMINISTRATION (ALSO STATE OWNED) CONTROL ENTIRE OPERATION AT FERIHEGY AIRPORT, HUNGARY'S SOLE COMMERCIAL INTERNATIONAL AIRPORT.

2. POST WILL WATCH FOR FURTHER DEVELOPMENTS.
MUDD

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NNN

Message Attributes

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Margaret P. Grafeld
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